

Message Text

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FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 6001

C O N F I D E N T I A L SANTO DOMINGO 597

E.O. 11652: GDS

TAGS: OAS, PFOR

SUBJ: OAS REFORM, COUNTRY REVIEW PROCESS

REF: STATE 22265

1. SET FORTH BELOW UNDER PART I ARE THE VIEWS OF THE EMBASSY ECONOMIC COUNSELOR, AND UNDER PART II THOSE OF THE USAID DIRECTOR, ON THE QUESTIONS RAISED IN REFTEL. THE ECONOMIC COUNSELOR AND AID DIRECTOR ARE IN AGREEMENT ON A NUMBER OF IMPORTANT POINTS BUT DIVERGE ON SOME. THEIR VIEWS ARE THEREFORE SET FORTH SEPARATELY TO GIVE THE DEPARTMENT THE FULL BENEFIT OF THEIR THINKING. THE AMBASSADOR CONCURS IN THEIR COMMON VIEW THAT THE COUNTRY REVIEWS (CR'S) SHOULD BE RETAINED.

PART I

2. FOLLOWING ARE THE VIEWS OF THE EMBASSY'S ECONOMIC COUNSELOR: AS PRESENTLY CONSTITUTED, THE COUNTRY REVIEWS (CR'S) TEND TO BE SOMEWHAT SUPERFICIAL AND OF MARGINAL IMPACT ON A COUNTRY'S DEVELOPMENT POLICIES. THE OAS STAFF PREPARATION AND BACKGROUND PAPERS FOR THE CR'S ARE OFTEN DUPLICATIVE OF MORE SOLID AND SUBSTANTIAL REPORTS AND SERVICES OF THE IBRD, IMF, AND IDB. OAS STAFF PAPERS ARE MUCH LESS OBJECTIVE. THE REVIEWS TEND TO BE TIME-CONSUMING FOR IMPORTANT OFFICIALS OF THE COUNTRY BEING REVIEWED AND OF OTHERS AS WELL.

3. WHILE THE CR'S HAVE APPARENTLY HAD LITTLE IMPACT ON THE
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LARGER COUNTRIES OF THE HEMISPHERE, THEY HAVE BEEN USEFUL AT

TIMES IN INFLUENCING THE POLICIES OF SMALLER COUNTRIES WHO ARE THE RECIPIENTS OF SUBSTANTIAL AID. THE CR'S CAN BE A MEANS OF GETTING LDCS TO FOCUS MORE SHARPLY ON THEIR OWN PROBLEMS AND SHORTCOMINGS, AND THEY ARE A MEANS BY WHICH THE USG CAN INDIRECTLY HAVE CRITICISM DIRECTED AGAINST A COUNTRY WHEN IT WOULD NOT BE POLITIC FOR US TO MAKE THE CRITICISM OURSELVES.

4. THE FULL POTENTIAL OF THE CR'S WAS NEVER REALIZED BECAUSE IT WAS QUICKLY APPARENT TO ALL CONCERNED THAT VERY LITTLE IN RESOURCES WAS REALLY RIDING ON THE OUTCOME. FOR DIFFERENT REASONS NEITHER THE LATIN AMERICANS NOR THE US COULD EVER BRING OURSELVES TO HAVING LARGE AMOUNTS OF US ASSISTANCE DEPEND ON PERFORMANCE OR TURNED OVER TO THE LATINS AS A GROUP, WITH THEIR HAVING TO DECIDE PRIORITY ALLOCATIONS.

5. THE CR PROCESS IS, NEVERTHELESS, SUFFICIENTLY USEFUL AND HAS ENOUGH POTENTIAL TO WARRANT RETENTION, BUT IT SHOULD BE IMPROVED AND WAYS SHOULD BE FOUND TO MAKE GREATER USE OF THE RESULTS.

6. WHETHER THE PROCESS REMAINS IN THE OAS OR IS TRANSFERRED TO THE IDB WOULD DEPEND ON WHAT TYPE OF FUTURE ROLE THE DEPARTMENT ENVISAGES FOR THE OAS AND WHETHER GREATER PRIORITY IS ATTACHED TO A VIABLE OAS OR TO THE DEVELOPMENT PROCESS OF LATIN AMERICAN COUNTRIES. FROM THE STRICTLY ECONOMIC AND DEVELOPMENTAL POINT OF VIEW, THERE IS MUCH TO BE SAID FOR TRANSFERRING THE PROCESS TO IDB. AND IF THIS IS DONE, THE OPERATIONAL PROGRAMS OF THE OAS MIGHT AS WELL ALSO BE TRANSFERRED, LOCK, STOCK, AND BARREL, TO THE IDB.

7. SINCE THE IDB IS TECHNICALLY A PART OF THE OAS SYSTEM, THIS WOULD NOT BE OPEN TO THE CHALLENGE OF OUR DOING VIOLENCE TO THE OAS. RATHER, IT MIGHT BE LOOKED UPON AS RATIONALIZING THE SYSTEM, WITH THE POLITICAL SIDE OF THE OAS BEING THOUGHT OF AS SOMEWHAT LIKE NATO AND THE ECONOMIC SIDE LIKE THE OECD. A BEEFED-UP ECONOMIC SIDE OF THE OAS MIGHT ALSO HAVE THE ADVANTAGE OF TAKING SOME OF THE WIND OUT OF THE SAILS OF SELA.

8. TRANSFERRING THE CR'S TO THE IDB AND TYING THE LENDING OF THAT INSTITUTION TO THE CR PROCEEDINGS WOULD SERVE TO HEIGHTEN THE SIGNIFICANCE OF THE CR PROCESS. WHILE IT IS ARGUED THAT

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THE IDB IS NOT A PARTICULARLY IMPARTIAL FORUM AND IT HAS SHORTCOMINGS, ANY DEFICIENCIES ALONG THOSE LINES EXIST IN GREATER DEGREE IN THE OAS SECRETARIAT.

9. WE NEED A CONTINUING DIALOGUE WITH THE LATIN AMERICANS, AT THE TECHNICAL AND DEVELOPMENTAL LEVEL, AND WE NEED TO HAVE MANY LATIN AMERICAN COUNTRIES TO CONTINUE TO FOCUS MORE ON PROBLEMS OF MACROECONOMIC POLICIES AND DEVELOPMENT. THE CR'S

ARE A LOGICAL PLACE TO DO THIS, BUT IT WILL PROBABLY NOT BE DONE UNLESS THE CR'S BECOME LESS ACADEMIC AND MORE RELATED TO RESOURCE TRANSFER.

10 GODR OFFICIALS WILL HAVE LITTLE INFORMED JUDGEMENT ABOUT CR'S BUT CAN BE EXPECTED TO GO ALONG WITH OUR RECOMMENDATIONS.

PART II

11. THE FOLLOWING ARE THE VIEWS OF THE USAID DIRECTOR:
FAVOR ALTERNATIVE 3, ASSUMING IT USG OBJECTIVE AND EXPECTATION THAT OAS CAN BECOME SIGNIFICANT FORUM AND CONSULTATIVE ECONOMIC POLICY MECHANISM ALONG LINES, FOR EXAMPLE, OF OECD WHERE POLICY EXCHANGES ARE USEFUL AND CONFIDENTIALITY OF DISCUSSIONS CAN BE ASSURED.

12. AT PRESENT IT IS THE USAID CONCLUSION THAT CEPICIES REVIEWS ARE FREQUENTLY OF MARGINAL VALUE IN COUNTRY POLICY FORMULATION AND IMPLEMENTATION. NEVERTHELESS, BELIEVE DISCIPLINE OF HAVING TO ACCOUNT FOR A COUNTRY'S ECONOMIC POLICIES IS BENEFICIAL, PARTICULARLY FOR COUNTRIES LIKE DOMINICAN REPUBLIC, WHERE MACROECONOMIC POLICY PLANNING TENDS TO BE LARGELY PRIMITIVE AND INEFFECTIVE.

13. GODR ATTITUDE TOWARD THREE ALTERNATIVES UNKNOWN, BUT AS IN OTHER AREAS GODR WOULD LIKELY FOLLOW USG LEAD SO LONG AS DOING SO WOULD NOT ISOLATE THEM FROM BODY OF LATIN AMERICAN COUNTRIES. THERE IS EVIDENCE THAT PRESIDENT DOES REGARD CURRENT CEPICIES REVIEW PROCESS USEFUL OR HELPFUL ALTHOUGH OPINION AT SENIOR ECONOMIC MINISTER LEVEL WOULD IN GENERAL DIFFER AND WOULD BE SOMEWHAT MORE POSITIVE.

14. CEPICIES TECHNICAL SECRETARIAT STAFF WORK FOR DOMREP IS QUITE CONFIDENTIAL

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SATISFACTORY AND SUGGESTS THAT INTERCHANGE AND COLLABORATION WITH STAFF OF OTHER INTERNATIONAL FINANCIAL INSTITUTIONS IS PROCEEDING SATISFACTORILY. SIGNIFICANT IMPROVEMENTS IN CEPICIES REVIEW PROCESS COULD BE ACCOMPLISHED FAIRLY READILY. FOR EXAMPLE, QUESTIONING DURING A TECHNICAL LEVEL CEPICIES REVIEW WOULD RELIEVE CURRENT TIME-CONSUMING BURDEN ON MINISTERS WHO COULD ADDRESS THE FOUR OR FIVE SIGNIFICANT QUESTIONS IN A ONE-OR-TWO-DAY MINISTERIAL SESSION.

15. BELIEVE IDB AS ALTERNATIVE HOME IS NOT SUITABLE ANSWER SINCE IDB MANDATE IS SOMEWHAT NARROWER, IS PROJECT-ORIENTED AND DISCUSSIONS WOULD LIKELY BECOME MORE PAROCHIAL AND COLORED BY IDB'S OWN SET OF INTERESTS AND BIASES. THIS WOULD SUGGEST A SUBSTITUTION OF PROBLEMS RATHER THAN RESOLUTION OF THE PRESENT ONES. ON OTHER HAND TRANSFER OF OAS OPERATIONAL TECHNICAL

ASSISTANCE PROGRAMS, FROM VIEWPOINT OF PROGRAM EFFECTIVENESS AND
RELEVANCE TO DEVELOPMENT, MIGHT MAKE SENSE. BENEFITS OF SUCH
MOVE WOULD, OF COURSE, HAVE TO BE WEIGHED AGAINST ADVANTAGES OF
OAS IMAGE-BUILDING WHICH THESE QUOTE GOOD WORKS UNQUOTE PRESENTLY
PROVIDE.

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